

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3645-01
BILL NO.: HB 1622
SUBJECT: Elderly; Revenue Dept.; Taxation and Revenue-General-Income
TYPE: Original
DATE: February 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$20,300,000)	(\$20,300,000)	(\$20,300,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$20,300,000)	(\$20,300,000)	(\$20,300,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration (COA)** state this proposal would raise the income limit from \$15,000 to \$36,000. The pharmaceutical tax credit eliminates a “dead drop off” of the credit at a certain income level by phasing out the credit. This is accomplished by reducing the \$200 credit by \$2 for every \$100 of taxpayer income over the income limit (\$46,000 respectively). The result would be a cost of (\$20.3 million annually), which equals the \$40.3 million total estimated in SB 14 from last session less the \$20 million cost based on a 50% utilization rate assumption.

The Department of Revenue did not respond to our fiscal impact request. Therefore, **Oversight** assumes any additional requests for administrative costs would be handled through the budgetary process.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Loss to General Revenue Fund</u>			
Pharmaceutical Tax Credit	(\$20,300,000)	(\$20,300,000)	(\$20,300,000)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$20,300,000)</u>	<u>(\$20,300,000)</u>	<u>(\$20,300,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

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DESCRIPTION

Under current law, the maximum Missouri adjusted gross income to qualify for pharmaceutical income tax credit is \$15,000. This bill increases the maximum income to \$36,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration

NOT RESPONDING: Department of Revenue

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
February 25, 2000